

Message Text

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ACTION COME-00

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FM AMEMBASSY LAGOS
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E.O. 11652: N/A

TAGS: BENC, ETRN, EWWT, ELTN, NI

SUBJECT: TRANSPORT MINISTRY VIEWS ON PORTS, RAIL DEVELOPMENT AND
MAJOR PROJECT AWARDS

REF: (A) STATE 110107, (B) CAHILL MEMO 4/21/77

1. IN 5/18 MEETING WITH ECON COUNSELOR, PERMSEC IBIE OF MIN
TRANSPORT AND STAFF EXPRESSED SUPPORT FOR BETTER TREATMENT OF
AMERICAN WEST AFRICAN FREIGHT CONFERENCE (AWAFC), TOLD OF NEED
TO COMPLETELY RESTUDY RAILROAD MODERNIZATION PROGRAM, AND
DESCRIBED SCHEME TO AWARD MAJOR CONTRACTS ON GEOPOLITICAL BASIS.
EMBASSY HAD REQUESTED MEETING TO PRESS FOR IMPROVED CONFERENCE
ACCESS TO PORT AND TO CLARIFY MURKY RAILROAD SITUATION.

2. MAIN POINTS OF PRESENTATION MADE ON BEHALF AWAFC WERE SERIOUS
SHIPPING DISLOCATIONS CAUSED BY TRAMP SHIP USAGE OF CONFERENCES
PRIORITY BERTH (ONE-SIXTH OF SCHEDULED TIME LOST IN 1976),
INADEQUACY OF "COMPENSATORY" MARINE BUOY/LIGHTERAGE ARRANGEMENTS,
NEED FOR NEW TIN CAN ISLAND BERTH, AND DESIRABILITY OF INCREASED
CONTAINER HANDLING QUOTA. IBIE APPEARED SYMPATHETIC, AGREED HOW
IMPORTANT FREIGN CONFERENCE ACCESS WAS TO GROWING NIGERIAN/US
TRADE. HE STATED THAT BERTHS ON TIN CAN ISLAND WOULD START
BECOMING AVAILABLE IN OCTOBER AND WOULD BE ALLOCATED TO CONFERENCES;
HE CAUTIONED, HOWEVER, THAT NPA'S "USUAL" UNPREDICTABILITY AND
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INTRANSIGENCE MIGHT CAUSE PROBLEMS. HE AGREED TO RECOMMEND
AUTHORIZATION FOR MORE CONTAINER DELIVERIES BY CONFERENCE, AND
APPEARED SURPRISED BY AND GRATEFUL FOR COUNSELOR'S CHART SHOWING
THAT AWAFC BERTH NO. 9 UNLAODED MORE CARGO THAN ANY OTHER CONFERENCE
BERTH DURING PERIOD FEBRUARY - MAY 9. IBIE SAID THAT HE URGENTLY
WANTED DISCIPLINE IN THE PORT, COMMENTED THAT LAGOS SHOULD FOLLOW
AMSTERDAM'S EXAMPLE WHEREIN THE MOST EFFICIENT CARGO HANDLERS WERE

ACCORDED THE MOST WHARF SPACE, THUS REWARDING THE EFFICIENCY OF THE AMERICANS HE ALSO POINTED OUT THAT AMERICAN SHIPS CONSISTENTLY BROUGHT TYPE OF CARGO NEEDED FOR DEVELOPMENT WHILE OTHERS OFTEN CARRIED MISCELLANEOUS CONSUMER JUNK. HE APOLOGIZED FOR POLICY MAKERS WHO ALLOW EASY ENTRY FOR SUCH GOODS. REGRETTABLY, HOWEVER, NON-CONFERENCE SHIPS WOULD HAVE TO CONTINUE USING PRIORITY BERTHS ON A PART-TIME BASIS UNTIL SUFFICIENT NEW BERTHS WERE COMPLETED ELSEWHERE, PRESUMABLY UNTIL OCTOBER/NOVEMBER 1977.

E. RE RAILROADS, IBIE SAID THAT THE REBUILDING PROGRAMS HAD BEEN SUMMARILY HALTED. FORMER RAILWAYS GENERAL MANAGER NZEGWU HAD NEVER TAKEN TIME TO RESEARCH AND PLAN WHAT WAS REALLY NEEDED. AS A RESULT, BILLIONS OF NAIRA, ENOUGH TO MORTGAGE THE COUNTRY INDEFINITELY, WOULD HAVE BEEN SPENT REGAUGING AND IMPROVING VAST, BADLY POSITIONED SECTIONS OF THE RAIL NETWORK. PRESENT SYSTEM WAS CARRYING LESS THAN ONE-THIRD OF WHAT IT COULD DO; NIGERIA FIRST HAD TO EFFICIENTLY UTILIZE WHAT IT ALREADY POSSESSED BEFORE EMBARKING ON A MASSIVE SPENDING SPREE. ACCORDING TO IBIE, THE RAILWAYS ADMINISTRATION MUST STOP ITS FRANTIC FLAYING ABOUT, STUDY THE SCENE, AND COOLLY MAKE RECOMMENDATIONS, INCLUDING BUILDING NEW LINES AND SCRAPPING OLD ONES. FOR TIME BEING, NO TENDERS WOULD BE AWARDED TO CONSTRUCTION, ENGINEERING, CONSULTING, AND MAJOR EQUIPMENT. WHEN THE RAILROAD HAD SUFFICIENT TIME TO THINK WHERE IT WAS GOING, THE MINISTRY, WITHSTIGHTER COMMAND CONTROL OVER NIGERIAN RAILWAY CORP. (NRC), WOULD INFORM THE EMBASSY OF ITS INTEREST IN ATTRACTING BIDS. IBIE HOLDS ITALCONSULT IN VERY LOW ESTEEM AS A FIRM WHICH TRIED TO GOUGE VERY HIGH PRICES WITHOUT ANALYZING THE DIMENSIONS OF THE WORK NEEDED.

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4. PERMSEC CONFIDED THAT FMG DECISION QUIETLY MADE IN 3/76 TO ALLOCATE MAJOR TRANSPORT PROJECT AWARDS ON GEOPOLITICAL BASIS ACCORDING TO PREDETERMINED BLOCKS OF COUNTRIES OR SPHERES. RAILROAD SECTOR, FOR EXAMPLE, WOULD BE PROVIDE OF US, BRAZIL, INDIA, FRANCE, "CERTAIN PARTS OF EUROPE." MAJOR PORT WORK WOULD GO TO EUROPE AND ASIA; DOCKYARDS TOSUS AND EUROPE (DRAVO, RAYMOND INTERNATIONAL AND POLISH COMPANY NOW COMPETING). FMG FEELS THAT MOST EFFECTIVE APPROACH IS TO REQUEST THAT EMBASSIES FACILITATE ACCESS TO MOST SUITABLE FIRMS; FIRMS IN TURN WOULD COMPETE FOR JOB. IN IBIE'S VIEW, EMBASSY'S RECENT INITIATIVE IN INTRODUCING CORPS OF ENGINEERS HAS MESHED WELL WITH MINISTRY'S CONCEPT AS WATERWAYS DEVELOPMENT WAS TO HAVE INCLUDED US AS ONE OF SELECTED SOURCES. FMG LOOKS ON CONCEPT AS PROVIDING BOTH "GOVERNMENT-TO-GOVERNMENT RELIABILITY AND INTRA-NATIONAL COMPETITION". IMPLEMENTATION OF THIS PROGRAM DELAYED BY NZEGWU'S DELIBERATELY GOING AGAINST POLICY TO ISSUE CALL FOR COMPETITIVE BIDS FROM ALL COUNTRIES ON RAILROAD PROJECT. MINISTRY HENCEFORTH EXPECTS TO CHANNEL "INVITATIONS" THROUGH EMBASSY.

5. IN SEPARATE SESSION 5/19 WITH NRC CHIEF OF RESEARCH AND DEVELOPMENT, COUNSELOR LEARNED THAT TEAM OF INDIAN CONSULTANTS ARRIVING LAGOS IN COMING WEEK. TASK, BASIC FIRST STEP TO RECASTING OF RAILWAY PROGRAM, IS TO EVALUATE WHETHER TRACK SYSTEM SHOULD STAY AT 3'6" GAUGE OR BE WIDENED TO 4'8-1/2". STUDY WILL PROBABLY TAKE 3 MONTHS.
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